



OVER **100** YEARS OF SUPERIOR SERVICE

Artesian Water Company



Artesian Wastewater Management



Artesian Utility Development



Artesian Water Pennsylvania



Artesian Water Maryland



Artesian Wastewater Maryland

**Via DelaFile and Overnight Mail**

March 15, 2015

Ms. Donna L. Nickerson, Secretary  
Delaware Public Service Commission  
861 Silver Lake Boulevard  
Cannon Building, Suite 100  
Dover, Delaware 19904

Dear Ms. Nickerson:

RE: Artesian Water Company, Inc. Petition to Amend Water Service Tariff

Enclosed please find a Petition filed on behalf of Artesian Water Company, Inc. for authority to amend its water service tariff to enable annual interest accrued on security deposits to be applied directly to the customers' water service account.

Please feel free to contact David Valcarengi at (302) 453-6995 if you have any questions or require additional information.

Sincerely,

ARTESIAN WATER COMPANY, INC.

David B. Spacht  
CFO & Treasurer

ENCLOSURE

cc: David L. Valcarengi  
David L. Bonar

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION \*  
OF ARTESIAN WATER COMPANY, INC. \*  
FOR AUTHORITY TO REVISE ITS WATER \*  
SERVICE TARIFF TO ALLOW ANNUAL \*  
CREDITING OF INTEREST ON SECURITY \*  
DEPOSITS

Docket No. \_\_\_\_\_

PETITION TO REVISE PROCEDURE FOR RETURNING INTEREST TO CUSTOMERS

Artesian Water Company, Inc. ("AWC" or "Company"), a public water utility Delaware public water utility regulated by the Delaware Public Service Commission ("Commission") hereby petitions for authority to revise its tariff to alter the procedure for returning interest to customers on security deposits held by the Company. In support thereof, AWC states the following:

1. AWC distributes and sells metered water to approximately 81,200 residential, commercial, industrial, governmental, municipal and utility customers throughout the state of Delaware.
2. In accordance with 26 Del. Admin C. § 2001 6, AWC requires certain customers to post a security deposit as a means of establishing service.
3. When a customer is the owner of the property, security deposits are generally the lesser of \$100 or the estimated bill from two consecutive billing periods. The security deposit for a tenant-based customer is \$200.
4. Interest is accrued and applied annually to all deposit balances held by AWC in accordance with the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year on deposits that are held six months or longer as set forth in the tariff.

5. Currently, AWC accrues and applies interest annually on the customers' security deposit to the customers' deposit account in accordance provisions set forth in the with the tariff.
6. Security deposits (and accrued interest) applicable to non-tenant based customers are eligible for refunding based on the customers' payment record. Security deposits for tenant-based customers are held by the Company until the tenant-based customer terminates service with the Company.
7. AWC requests authority to amend Paragraph 6 of Sheet 10 of its tariff to allow the annual crediting of interest on security deposits held by the Company directly to the customers' water service account rather than the customers' deposit account. The attached amended tariff page shows changes in underlined and clean formats.
8. Interest on the deposits will continue to be calculated each year in accordance with the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year. Amounts calculated each calendar year will be credited to customers' water service accounts on or before March 31 of the following year.
9. AWC believes crediting interest on security deposits directly to the customers' water service accounts each year will significantly decrease the number of customer accounts and associated accumulated interest income that may be subject to I.R.S. reporting. Under the existing tariff language, interest was accumulated and held in the deposit account until the tenant left the property. Those amounts, if held for a significant amount of time would accumulate to levels requiring IRS reporting in the form of 1099 interest income to customers when finally paid. The Company believes this request will result in a reduction in the administrative cost of processing and reporting those amounts, including the cost

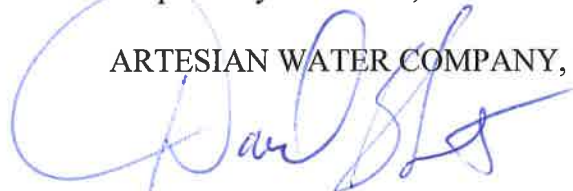
associated with the required withholding if the Company does not have a social security number on file.

10. The requested change will not impact the overall value of deposits that are ultimately returned to customers.
11. The requested tariff change will not have a material impact on AWC's financial position.
12. AWC requests that the amended tariff provision become effective May 1, 2016.

WHEREAS, based on the information set forth in this application, Artesian Water Company, Inc. respectfully requests authority to amend its tariff to allow interest on security deposits to be credited to the customers' regular water service account on annual basis.

Respectfully Submitted,

ARTESIAN WATER COMPANY, INC.



David B. Spacht  
Chief Financial Officer & Treasurer  
664 Churchmans Road  
Newark, Delaware 19702  
Telephone: (302) 453-6912  
Facsimile: (302) 453-6957

STATE OF DELAWARE :

: SS

COUNTY OF NEW CASTLE :

DAVID B. SPACHT, being duly sworn, deposes and says he is Chief Financial Officer and Treasurer of Artesian Water Company, Inc.; that the execution and filing of this Application has been duly authorized; and that to the best of his knowledge, information and belief, statements made therein are true and correct.

  
DAVID B. SPACHT

Subscribed and sworn to

Before me this day 15<sup>th</sup> day  
of March 2016

  
Notary Public

My Commission Expires:

April 10, 2016



ARTESIAN WATER COMPANY, INC.  
P.S.C. No. 1 - WATER  
Effective: June 01, 2016

Seventh Revised Sheet No. 10  
Canceling  
Sixth Revised Sheet No. 10

Interest on Deposit:

6. Simple interest will accrue at the rate of the average of the percent yields of the 1-year Treasury constant maturities for September, October and November of the preceding year on security deposits held six months or longer. Accrued interest, so calculated, shall be credited to the customer's water service account on an annual basis. When the customer is the owner of the property receiving water service, eligible deposits will be refunded when the customer has paid the water bills as presented and has had no delinquencies within the preceding 12 months. Security deposits shall be refunded to the customer originally making the deposit. For properties occupied by tenants who are responsible for paying the water bills, deposits will be refunded upon termination of the tenancy.

A security deposit shall not be considered as payment on account during the time the customer is receiving water service. Customer shall pay bills for water service as rendered in accordance with the Rules and Rates of the Company.

**MAIN AND SERVICE CONNECTIONS**

Company Mains and Service Lines:

7. The Company shall in its sole judgment determine the size and type of mains to be installed either off-site or on-site for any structure or development. The Company shall make all connections to its mains and furnish, install and maintain all service lines from the main to and including the curb valve. The Company shall install, own, and determine the size and type of service line which runs from the main to the curb valve. Fire service lines and domestic service lines will be separate and independent lines in to the customer's internal plumbing facilities.

Property Owner Service Line:

8. The Property Owner Service Line, which is furnished and installed by the owner, is that pipe from the curb valve to the structure. All service lines must have an approved valve installed on each side of the meter. All service lines from the curb valve to the structure must be installed in a straight line at least 42 inches below the surface of the ground. New customers will be notified at the time of their application if water pressure is greater than 100 pounds per square inch (psi). In such cases, customers shall install, at their own expense, a pressure-reducing valve. If the Company causes a change in its water pressure so that the water pressure to the customer is greater than 100 psi, the Company shall, at its expense, install a pressure-reducing valve on the customer's service line. The Company may require that customers, at their expense, install, at a location determined by the Company, a Company approved backflow prevention device when, in the opinion of the Company, the customer's service connection may cause contamination or degradation of the water in the Company's water distribution system. All underground irrigation systems shall include an approved backflow prevention device to be owned and maintained by the customer. It is the responsibility of the customer to properly maintain any backflow prevention device. The Company may require annual inspection and testing of the backflow prevention device by a licensed plumber qualified to test such devices if, in the opinion of the Company, it is

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